(f) what steps Government have taken to which the functioning and supervision of such banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) In terms of the instructions issued by the Reserve Bank of India (RBI) in February, 1991 banks have been allowed to swap their stray or unremunerative branches with other banks. Further, while closing down the loss making branches in rural and semi-urban areas is not permitted, banks have been advised that RBI would consider sympathetically proposals for closing of loss making branches at urban/metropolitan centres which are generally well-banked.

(c) to (f) A Statement giving bank-wise/population group-wise information of loss making branches of public sector banks as on 31-3-92 (latest available) is given in the *Annexure*. [*See* Appendix CLXVIII Annexure No. 51]. The reasons generally adduced for branches of public sector banks becoming unviable are maintenance of excess cash balances, unfavourable deposits, higher levels of non-performing advances, higher establishment expenses vis-a-vis low business, high servicing cost owing to tiny deposit/loan accounts, etc., Banks are required to submit to RBI a review of loss making branches indicating the reasons for the loss as also the steps being taken to bring the concerned branches into profit, as at end of March each year, duly approved by their Board. The matter is also followed up by RBI with the concerned banks.

Different Terms for MOUs of Banks

3684. SHRI SURESH KALMADI: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news item published in the Observer of 13th August, 1993 under the caption "Banks differ on terms for Memorandum of undertakings with Government"; and

(b) if so, what remedial measures Government propose to take in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) Yes, Sir.

(b) Reserve Bank of India (RBI) have discussed with Chairman and Managing Directors of some of the nationalised banks as well as the Chairman, Indian Banks Association, the contents of the draft Memorandum of Undertakings (MOU). After incorporating their views a revised draft of MOU has been sent to the nationalised banks. RBI will be holding further discussions with the Chief Executives of the banks before signing MOUs with them.

Credit Deposit Ratio of Banks

3685. SHRI VITHALBHAI M. PATEL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Credit Deposit Ratio of the scheduled commercial banks has been lower than national average in Gujarat;

(b) what is the Credit Deposit Ratio of different States in the country;

(c) what are the reasons for decrease in credit deposit ratio in Gujarat; and

(d) what steps Government will take to improve Credit Deposit Ratio in Gujarat?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) The Credit Deposit Ratio of Scheduled Commercial Banks in the State of Gujarat as on the last Friday of December 1992 (latest available) was 54.2% as against the All India figure of 58.6%.

(b) State-wise credit deposit ratio of all Scheduled Commercial Banks as on the last Friday of December 1992 is given in the enclosed Statement (*See below*).

(c) and (d) The problem of regional imbalances in the deployment of bank credit in various States is in the knowledge of